

104TH CONGRESS
1ST SESSION

S. 785

To require the Trustees of the medicare trust funds to report recommendations on resolving projected financial imbalance in medicare trust funds.

IN THE SENATE OF THE UNITED STATES

MAY 9 (legislative day, MAY 1), 1995

Mr. PACKWOOD introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To require the Trustees of the medicare trust funds to report recommendations on resolving projected financial imbalance in medicare trust funds.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. TRUSTEES' CONCLUSIONS REGARDING FINAN-**
4 **CIAL STATUS OF MEDICARE TRUST FUNDS.**

5 (a) HI TRUST FUND.—The 1995 annual report of
6 the Board of Trustees of the Federal Hospital Insurance
7 Trust Fund, submitted on April 3, 1995, contains the fol-
8 lowing conclusions respecting the financial status of such
9 Trust Fund:

1 (1) Under the Trustees' intermediate assump-
2 tions, the present financing schedule for the hospital
3 insurance program is sufficient to ensure the pay-
4 ment of benefits only over the next 7 years.

5 (2) Under present law, hospital insurance pro-
6 gram costs are expected to far exceed revenues over
7 the 75-year long-range period under any reasonable
8 set of assumptions.

9 (3) As a result, the hospital insurance program
10 is severely out of financial balance and the Trustees
11 believe that the Congress must take timely action to
12 establish long-term financial stability for the pro-
13 gram.

14 (b) SMI TRUST FUND.—The 1995 annual report of
15 the Board of Trustees of the Federal Supplementary Med-
16 ical Insurance Trust Fund, submitted on April 3, 1995,
17 contains the following conclusions respecting the financial
18 status of such Trust Fund:

19 (1) Although the supplementary medical insur-
20 ance program is currently actuarially sound, the
21 Trustees note with great concern the past and pro-
22 jected rapid growth in the cost of the program.

23 (2) In spite of the evidence of somewhat slower
24 growth rates in the recent past, overall, the past
25 growth rates have been rapid, and the future growth

1 rates are projected to increase above those of the re-
2 cent past.

3 (3) Growth rates have been so rapid that out-
4 lays of the program have increased 53 percent in ag-
5 gregate and 40 percent per enrollee in the last 5
6 years.

7 (4) For the same time period, the program
8 grew 19 percent faster than the economy despite re-
9 cent efforts to control the costs of the program.

10 **SEC. 2. RECOMMENDATIONS ON RESOLVING PROJECTED**
11 **FINANCIAL IMBALANCE IN MEDICARE TRUST**
12 **FUNDS.**

13 (a) REPORT.—Not later than June 30, 1995, the
14 Board of Trustees of the Federal Hospital Insurance
15 Trust Fund and the Board of Trustees of the Federal
16 Supplementary Medical Insurance Trust Fund shall sub-
17 mit to the Congress recommendations for specific program
18 legislation designed solely—

19 (1) to control medicare hospital insurance pro-
20 gram costs and to address the projected financial
21 imbalance in the Federal Hospital Insurance Trust
22 Fund in both the short-range and long-range; and

23 (2) to more effectively control medicare supple-
24 mentary medical insurance costs.

1 (b) USE OF INTERMEDIATE ASSUMPTIONS.—The
2 Boards of Trustees shall use the intermediate assumptions
3 described in the 1995 annual reports of such Boards in
4 making recommendations under subsection (a).

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